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A Brief Summary of Economic Conditions

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IN THIS ISSUE

	Page
Commodity Reviews:	
Domestic Demand, Export Demand	F. L. Thomsen 2
Production, Prices, Income, etc.	Frank George 3-8
Government Program for 1941:	
Soil Conservation	H. H. Bennett 9
Farm Security	C. B. Baldwin 11
Rural Electrification	Harry Slattery 12
Farm Credit	A. G. Black 14
Agricultural Adjustment	R. M. Evans 15
Crop Insurance	L. K. Smith 17
Commodity Loans	C. B. Robbins 18
Marketing Farm Products	P. F. Maguire 19
Onions: \$18,000,000 Industry	C. A. Smith 23

EUROPEAN WAR AND NATIONAL DEFENSE hold the center of the farm scene this winter. Agricultural exports have shrunk, domestic markets have been expanded. Hard hit by the loss of exports are the producers of cotton, tobacco, wheat and fruits. Whatever the outcome of the war, the prospect is for small exports in the years ahead. Adjustments are needed to the changed conditions. * * * Efforts are being made to increase the purchasing power of low-income producers and consumers in our own country, to develop potential markets for larger quantities of foods and fibers. Five million needy persons will be able to get low-cost food under the Food Stamp Plan this winter, undernourished school children will get free lunches, large quantities of food will be distributed to persons on relief. * * * Prices received by farmers are tending to rise, but part of the increase will be offset by higher costs of production during the coming year. Ratio of prices received to prices paid will increase but probably will be 15 to 20 percent below pre-World War levels.

Commodity Reviews

DOMESTIC DEMAND: Up

THE sharp rise of industrial production, employment, and factory payrolls since last spring has been accompanied by a smaller yet noticeable improvement in consumer demand for farm products. Further substantial increases in industrial activity are not expected during the next several months, but a continuing gradual improvement in domestic demand for farm products is in prospect.

Several conditions have contributed to the increase in industrial output in recent months: The defense program has indirectly stimulated many lines of industrial production in addition to those directly affected by Government orders. Businessmen have been buying farther ahead, in fear of later price increases and difficulty in obtaining deliveries. A number of industries have been spending large sums to increase capacity for the handling of defense and export orders. The large-scale manufacture of some defense equipment already has begun; for example, deliveries recently have been made on a large order for tanks by a railroad-car manufacturing concern. Textile output, for both civilian and military uses, has been at a high rate for some time. The general increase in business activity has stimulated the sales and production of consumers' goods such as automobiles and furniture. Export of products to be used in war has assumed considerable proportions in some industries, including steel.

This activity has carried production in a number of important lines of industry close to capacity. It is probable, therefore, that the usual seasonal rise in output which occurs after January cannot be fully made in those months next year, consequently that seasonally corrected indexes of industrial activity will level off or decline slightly some time during the first half of 1941. If this were ac-

companied by a reduction in advance buying by business firms completing their inventory-building programs, there might even be a more noticeable recession. This would be only temporary, however, but might result in relatively little improvement in the consumer demand for farm products during the first half of 1941 compared with the last half of 1940.

F. L. THOMSEN.

EXPORT DEMAND: Down

Agricultural exports have declined since last January, and the outlook for the duration of the war is highly unfavorable. Apparently the only condition which might reverse this situation would be such an increase in shipping losses as to make it impracticable for Great Britain to purchase its requirements of meat and other products from more distant surplus-producing nations. This was a major factor in the expansion of United States export demand during the World War, although the extension of credits by the United States at that time contributed greatly to the movement of products abroad.

Even if it became much more difficult for Great Britain to transport beef and other products from Australia, Argentina, and other distant countries, however, Canada is in a position to supply a much larger part of British requirements than during the World War. For example, present stocks of wheat in Canada are large enough to care for both domestic consumption and British import requirements for 2 years. As long as the amount of dollar exchange available to Great Britain for use in buying war materials is limited, she undoubtedly would turn to Canada for most of her requirements if some of her present sources of supply were cut off by shipping difficulties.

F. L. T.

PRODUCTION: Increase

Crop estimates were raised last month for cotton, corn, dry beans, peanuts, white potatoes, tobacco, sugar beets, apples, pears, grapes, and pecans. Reductions were reported for buckwheat, grain sorghums, soybeans, sweetpotatoes, and sugar cane for sugar. The Crop Reporting Board estimated that crop production this year was the second largest on record. Largest on record was in 1937.

Production of feed grains for all purposes was estimated at 95.8 million tons, or about 2 percent below the predrought average. "This tonnage is large enough," it was stated, "to permit feeding present livestock about as liberally as in any of the last 15 years without utilizing any of the large reserves of feed grains accumulated since the drought. * * * Production of most of the principal food crops appears ample."

PRICES: Higher

Prices of some farm products moved a notch higher during the past month. The Government index of prices of all

commodities combined was 99 for November, compared with 99 in October, and with 97 in November last year. The 5 years 1910-14 equals 100. Products rising in November included wheat, cotton, beef cattle, turkeys, eggs, and butter. Prices of

Index Numbers of Prices Received and Paid by Farmers

[1910-14=100]

Year and month	Prices received	Prices paid	Buying power of farm products ¹
1939			
June.....	89	120	74
July.....	89	120	74
August.....	88	119	74
September.....	98	122	80
October.....	97	122	80
November.....	97	122	80
December.....	96	122	79
1940			
January.....	99	122	81
February.....	101	122	83
March.....	97	123	79
April.....	98	123	80
May.....	98	123	80
June.....	95	123	77
July.....	95	122	78
August.....	96	122	79
September.....	97	122	80
October.....	99	122	81
November.....	99	122	81

¹ Ratio of prices received to prices paid

Prices of Farm Products

Estimates of average prices received by farmers at local farm markets based on reports to the Agricultural Marketing Service. Average of reports covering the United States weighted according to relative importance of district and States.

Product	5-year average, August 1909-July 1914	November 1909-13	November 1939	October 1940	November 1940	Parity price, November 1940
Cotton, lb.....	cents.. 12.4	12.1	8.80	9.35	9.38	15.75
Corn, bu.....	do..... 64.2	59.4	46.8	59.4	56.9	81.5
Wheat, bu.....	do..... 88.4	87.3	73.1	68.2	72.5	112.3
Hay, ton.....	dollars.. 11.87	11.89	7.51	6.99	7.25	15.07
Potatoes, bu.....	cents.. 69.7	61.4	69.2	52.0	52.4	² 86.5
Oats, bu.....	do..... 39.9	38.2	32.1	28.3	31.7	50.7
Soybeans, bu.....	dollars.. (1)	(1)	.82	.67	.84	^{2 4} 1.73
Peanuts, lb.....	cents.. 4.8	4.5	3.39	3.26	3.24	6.10
Apples, bu.....	dollars.. .96	.80	.62	.72	.75	1.22
Beef cattle, cwt.....	do..... 5.21	5.01	6.89	7.50	7.58	6.62
Hogs, cwt.....	do..... 7.22	6.95	5.87	5.83	5.62	9.17
Chickens, lb.....	cents.. 11.4	10.8	12.4	13.3	13.1	14.5
Eggs, doz.....	do..... 21.5	27.8	25.8	23.7	26.2	³ 39.4
Butterfat, lb.....	do..... 26.3	28.5	23.1	28.8	30.9	³ 35.4
Wool, lb.....	do..... 18.3	18.5	27.6	29.9	31.5	23.2
Veal calves, cwt.....	dollars.. 6.75	6.74	8.64	9.11	9.06	8.57
Lambs, cwt.....	do..... 5.87	5.31	7.48	7.64	7.78	7.45
Horses, each.....	do..... 136.60	133.00	77.60	71.00	69.60	173.50

¹ Prices not available.

² Post-war base.

³ Adjusted for seasonality.

⁴ Soybeans for seed.

corn, hogs, oranges, and grapefruit declined.

Prices paid by farmers for commodities used in production held steady, but are expected to advance in coming months. The index of prices paid was 122 for November, compared with 122 in October, and with 122 in November last year. Both prices received and prices paid are expected to increase during the coming year. The ratio of prices received to prices paid was 81 in November, compared with 81 in October, and with 80 in November last year.

INCOME: Increase

The first 10 months of 1940 returned farmers a cash income of 7,314 million dollars from marketings and Government payments. This compares with 6,833 million dollars in the same period of 1939. The last 2 months of 1940 will return at least as much as in the like period last year. Total for 1940 may exceed 9,000 million dollars, compared with 8,500 million in 1939.

All major groups of farm commodities yielded larger cash income from marketings in the first 10 months of 1940 compared with 1939, but some in much smaller degree than others. These include cotton and cottonseed, tobacco, poultry and eggs, and fruits. Largest dollar gains are shown for grains, dairy products, meat animals, and vegetables.

Farmers in 38 States had larger cash income from marketings and Government payments during the first 9 months of this year compared with last. Income in Georgia and North Carolina was larger, but in other States of the Cotton Belt it was smaller. Unfavorable weather damaged Southern truck and fruit crops early in the year, smaller income was received from hogs, and the cotton crop was late.

Largest increases in income during the first 9 months of the year were in North Dakota, Montana, South Dakota, and Minnesota.

The following table gives totals for the last month of record, and cumulative figures for the first 10 months, with comparisons:

Month and year	Income from marketings	Income from Government payments	Total
	<i>Million dollars</i>	<i>Million dollars</i>	<i>Million dollars</i>
October:			
1940.....	1,049	76	1,125
1939.....	960	82	1,042
1938.....	932	62	994
1937.....	1,029	5	1,034
January-October:			
1940.....	6,697	617	7,314
1939.....	6,193	640	6,833
1938.....	6,206	395	6,600
1937.....	7,136	355	7,491

WHEAT: Supply

The situation as to wheat supply, consumption, and prospective carry-over seems to be working out according to earlier expectations: Total United States supply for 1940-41 is 1,076 million bushels, prospective domestic disappearance during this period is 685 million bushels, the quantity available for export or carry-over is 391 million bushels. Probably 369 million bushels will be carried over as of July 1 next. This is about 85 million bushels more than on July 1 last. It would be the largest carry-over on Government record.

Prices of wheat advanced last month to highest figures since mid-summer, as increasing quantities of the grain were put under Government loan. At prices then prevailing an export indemnity of about 30 cents per bushel would be required to export wheat to Europe from Gulf ports, and of 26 cents from Pacific ports. These figures are about the same as a month earlier. * * * World wheat supply (excluding U. S. S. R. and China) is about 5,445 million bushels for 1940-41, compared with 5,475 million bushels in 1939-40.

COTTON: Record

Cotton has been selling at higher prices this year than last, supported by Government loans and heavy con-

sumption by cotton mills. Mill consumption has been running at the rate of 8½ million bales a year—a new high record. Sales of unfinished cotton goods have been reported in excess of current production, most mills are booked well in advance, prices of textiles have gone up moderately. Cotton of the 1940 crop under Government loan in early December totaled 2¼ million bales. This raised Government owned and financed stocks to about 10½ million bales.

In contrast with the improvement in domestic consumption and prices is the gloomy situation abroad. The cotton mills of the world outside the United States have slowed—except for the manufacture of war materials. United States exports of raw cotton totaled only 450,000 bales in the first 4 months of the current season, as contrasted with 5 times this quantity in the same period last year. Of the total to date this season, about three-fifths went to Great Britain.

FEED GRAINS: Increase

The supply of feed grains was increased last month by an estimated increase of 3 percent in the 1940 corn crop. The 1940 supply of corn, including corn under seal or held by the Government on November 1, was estimated at about 3,135 million bushels, compared with 3,202 million bushels last year. This is the second largest supply of corn since 1932. But the quality of the 1940 crop was reported as being "not quite so good" as in the preceding 3 years.

Reports were received also of an increase over early estimates in the number of cattle and lambs on feed this season. However, the total number of stock to be fed is smaller than in 1939, since there are fewer hogs on farms. Approximately 132 million grain consuming animals will be on farms on January 1, 1941 compared with nearly 137 million at the beginning of 1940. Excluding the quantity of corn sealed or held by the Government, the supply of feed grains per

animal on farms is slightly larger than in 1939, and 5 percent larger than the 1928-32 average.

Announcement was made in late November that the Commodity Credit Corporation will make loans on 1940 corn to farmers in the commercial corn area at 61 cents per bushel. The 1939 rate was 57 cents.

CATTLE: On Feed

AMS expects that as many—possibly more—cattle will be fed this season compared with last. November reports indicated decreased feeding in Corn Belt States east of the Mississippi River, a considerable increase in Corn Belt States west of the river, not much change in the total in the Western States, and an increase in Texas and Oklahoma.

Total shipments—direct and through stockyards—of stocker and feeder cattle into 7 Corn Belt States were 11 percent larger in the 4 months, July through October, this year compared with last. But a large proportion of these shipments included light-weight feeder cattle. This means that marketings of grain-fed cattle in the first half of next year may be smaller than in the like period of 1940. Marketings will probably increase in the last half of 1941.

Prices of choice and prime beef steers in early November were the highest in 3 years. Strength was attributed chiefly to improved consumer demand. Prices of stocker and feeder cattle were 50 to 75 cents higher in early November this year compared with last, but lower in relation to fat cattle prices.

HOGS: Early Marketings

Farmers have been marketing their spring pig crop earlier than usual this season. This indicates that marketings in the second quarter—January-March—of the current marketing year will be considerably smaller than in the like period of 1940. A greater-than-usual seasonal decrease in hog slaugh-

ter in late winter and early spring would be accompanied by a fairly sharp advance in hog prices, particularly if consumer demand conditions continue to improve during the next few months.

Both the spring and fall pig crops were smaller this year than last—the spring crop by 8 percent, and the fall crop by at least 12 percent. Reduction in the fall crop means a reduction in hog marketings in late spring and summer of 1941—a price-supporting factor during the last half of the current marketing year. For the entire 1940-41 marketing year, hog prices are expected to average substantially higher than in 1939-40.

Available information suggests that the 1941 spring pig crop will be moderately smaller than the spring crop of 1940, but that the 1941 fall crop may be larger than that of 1940. Increase in the fall crop would be the result of a favorable ratio of hog prices to corn prices next spring and summer. Nevertheless, market supplies of hogs are likely to be no larger in 1941-42 than in the current marketing year.

LAMBS: Larger Supply

November reports increased the estimates of numbers of lambs on feed this season. Larger slaughter supplies of sheep and lambs during the 1940-41 fed lamb marketing season—December through April—this year than last were indicated. BAE expects, however, that the effect of the increase in slaughter supplies upon lamb prices will be more than offset by the stronger consumer demand for meats and the higher prices for wool this winter and next spring than last.

AMS reported that the movement of feeder lambs to Corn Belt feed lots this fall was not only larger, it was also later than last year. Unless marketings from the Corn Belt should be much larger in November and December this year than last,

the number on feed in that area will be substantially larger this January 1 than last. Much will depend, however, upon the development and disposition during December of the relatively large number of lambs fattening on wheat pastures.

Reports indicated fewer lambs being fed in the Western States this season than last—especially in Colorado. But a material increase in Texas, and some increases in North Dakota and in the western New York feeding area, were indicated. Feeding in Oklahoma may be no larger this season than last.

WOOL: Good Demand

Wool continues in especially good demand as mills work day and night to fill large Army contracts. Prices of wool are higher than at this time last year. The high level of mill consumption calls for heavy imports of wool this winter and next spring, principally of fine wool required in manufactures to fill Army contracts. * * * Total imports of apparel wool in 1940 have been the largest in recent years.

The National Defense Advisory Commission recently announced that arrangements had been made to bring an emergency reserve supply of 250 million pounds, grease basis, of British-owned Australian wool to the United States for storage in bond. Ownership of this wool will remain in the British Government, and the wool may not enter the market without the approval of appropriate American officials. No withdrawal will be possible except where deficiencies appear in the supply of domestic wool or where normal imports are interrupted.

Domestic mill consumption of wool next year probably will be larger than in the current season. This will be an important factor supporting prices of the domestic clip of wool in 1941. Farm income from wool will probably be larger than in 1940.

WORK STOCK: Decrease

The number of horses and mules on farms continues to decline with no reversal of the long-time downward trend in sight for the next few years. Principal factor, of course, is the increase in the use of mechanical power. A preliminary Government estimate is that numbers of both horses and mules on January 1 will be the smallest in 30 years of record—10,616,000 horses, and 4,321,000 mules.

The European War has resulted in no export demand for horses, but it is likely that purchases of horses by the United States Army will increase during the coming year. An advance in prices of farm tractors would be a contributing factor tending to prevent a further decline in prices of horses and mules during 1941; nevertheless, it appears unlikely that prices of work stock will advance greatly during the next few years.

POTATOES: Low Priced

Potatoes are lower priced this winter than last, since markets are being supplied from a late crop that is 19 million bushels larger than in 1939. The late crop was estimated in November at 309 million bushels, compared with 290 million in 1939, and with 296 million average for 1929-38. Approximately half of the increase this year compared with last is in Maine, New York, and Pennsylvania. Most of the remainder is in the Western States. In contrast, the estimates for sweet-potatoes were reduced in November. The 64 million bushels total for 1940 is the smallest since 1930.

TRUCK CROPS: Down

Truck crops also are lower priced this season, a situation that is likely to continue through early winter unless the crops in the South should be severely damaged by freezing weather. To date, the supplies of fall truck

crops have been more plentiful than in 1939. The Crop Reporting Board estimated in November an increase of 16 percent in acreages of 14 commercial truck crops planted or to be planted for fall and winter harvest this season compared with last.

Crops being harvested in the South and in California in mid-November included an unusually large fall crop of snap beans, and slightly larger fall crops of cauliflower, cucumbers, egg-plant, kale, spinach, peppers, and tomatoes. For market in late winter and early spring, producers reported intentions to increase the acreage of early cabbage by approximately 11 percent, and of early onions by 48 percent. An increase of 1 percent was indicated in acreage of asparagus for harvest for the fresh market and for processing in the spring of 1941 compared with 1940.

FRUITS: Plentiful

The supply situation as to fruits was little changed during the past month, but evidence accumulated of better consumer demand this winter than last. Apple markets were expected to improve as shipments eased following the heavy concentration of supplies that lowered prices in early November. Florida oranges were selling higher in New York than at the corresponding time in 1939, even though estimates of production were higher than the final outturn last year.

The total commercial crop of apples is about 20 percent smaller this season than last, due to reductions in Eastern and Central States. An increase in production in Western States resulted in cold-storage holdings on November 1 slightly larger than a year earlier. Production of fall and winter pears in the Pacific Coast States was indicated to be about 10 percent larger than in 1939.

Large quantities of late pears have been purchased for relief distribution,

nevertheless it was expected that because of the loss of exports a large part of the crop would not be harvested.

FATS, OILS: Record

Production of fats and oils from domestic materials in 1940 was the largest on record—8.8 billion pounds (tentative estimate) compared with 8.2 billion pounds in 1939. Most of the increase was in lard, inedible tallow and greases, soybean oil, and linseed. Storage stocks of these fats and oils are large. Production from imported materials during the first 9 months of 1940 was about the same as the 727 million pounds produced in the like period of 1939.

Prices of domestic fats and oils except butter have been materially lower this fall than last. Lard in October sold for lowest prices since March 1933. But since hog slaughter is likely to be reduced in the first quarter of 1941, it is expected that lard prices may show fairly substantial gains in late winter and next spring.

DAIRY: Good Prospects

Dairymen are about to begin a winter of best prospects for production, prices, and income in many years. The number of milk cows on farms is the largest in 5 years, the supply of feed grains is the second largest in 20, consumer demand for milk and dairy products is unusually good.

AMS reported a generally upward trend in milk prices in early November, a continued broad demand for fluid consumption, and rising prices of manufactured dairy products. (The seasonal peak in butter prices usually is in December.) The retail price of milk at New York City was advanced $\frac{3}{4}$ cent per quart on home deliveries, and 1 cent per quart on milk sold through stores.

Of interest to the fluid milk industry is a recent Federal court decision legalizing the use of paper containers in Chicago, and extension of a pro-

gram to supply milk at low cost to undernourished children in New York City. Milk is made available at 1 cent a glass to needy New York school children, in addition to being supplied free with free school lunches.

POULTRY: Prices Up

Practically all kinds of poultry are selling higher this winter than last, due to smaller marketings and increased consumer buying power. An important development during the past month was the destruction of more than a million turkeys by pre-season storms and freezing weather in the West. Whereas the turkey crop had been estimated at more than 33 million birds, the final figure will be nearer 32 million. This would be 2 to 3 percent less than the 1939 turkey crop.

The smaller crop of turkeys this year plus good consumer demand should mean a better Christmas market and winter storage demand than was indicated earlier in the season. Another strengthening factor is the smaller supply of chicken this winter than last. * * * Commercial broiler production will probably be larger this winter than last.

EGGS: Prices Up

Production of eggs is increasing seasonally, but the total is smaller than at this time last year. Production per hen holds up well, but there are fewer layers on farms. The number of pullets not yet of laying age was 7 percent smaller this November 1 than last. Farmers will begin the new year on January 1 with about 5 percent fewer layers than at the beginning of 1940. Prospect is for smaller egg production and higher prices in the first half of 1941 as compared with the like period of 1940. The cost of poultry feed in coming months may be about the same as it was a year earlier, possibly a little higher, but fewer eggs will be required to buy 100 pounds of poultry ration.

FRANK GEORGE.

GOVERNMENT PROGRAM FOR 1941

AS 1941 is about to get underway, the problems of agriculture are being attacked on many fronts. Objectives range from the conservation of the soil and the rehabilitation of farm families, to rural electrification, adjustments in production, the marketing of agricultural surpluses, and improvements in the national dietary.

The plight of the share cropper and the farm tenant, and of the migrant worker pushed off the land, is studied, and ways sought to lighten their burden. Loans and grants are made to low income farm families for the implements of production, and assistance given owner-operators through the reamortization of mortgage debt. Adjustments in production are buttressed by crop insurance, commodity loans, and price parity payments to cooperating farmers.

Efforts are directed at expanding the domestic and foreign markets for farm commodities, systems of marketing quotas and marketing agreements are in operation, surpluses are stored in ever-normal granaries against future needs. City families distressed for lack of employment are helped to buy food at low cost, millions of school children the country over are supplied with free lunches, hundreds of thousands of adults are supplied with free food under relief distribution.

The salient features of these various action programs as they are now constituted are brought together in the accompanying group of articles. Significant changes which may be made in these programs as a result of the impact of the war and the national defense program will be reported in subsequent issues of "The Agricultural Situation."—Ed.

Soil Conservation

THE Soil Conservation Service is helping farmers and public agencies to attack a wide variety of physical land problems, with a view to advancing social and economic conditions through desirable adjustments in the use of agricultural land.

An increasing amount of the work this year has been, and will continue to be, concentrated in local soil conservation districts. These local subdivisions of the States, organized by farmers under State law, have been established in 38 States. Upon request, the Service goes into a district and plays an active part in its operations program on the land. It helps

make preliminary surveys and assigns a technical staff to aid the farmers in developing and carrying out soil conservation plans. The Service also makes equipment available, provides seed and seedlings for erosion control plantings, and furnishes C. C. C. labor to assist in getting conservation work started. By November 15, 1940, assistance of this general type was being extended to 294 districts, representing a total area of more than 200 million acres in 34 States.

CLOSELY related to the work in cooperation with soil conservation districts is the operation of erosion control demonstration projects. In 180 of these projects in 45 States,

Hawaii, and Puerto Rico, farmers are carrying on erosion-control demonstrations under Soil Conservation Service supervision. Similar work of a demonstrational nature is performed by more than 350 C. C. C. camps under Soil Conservation Service supervision throughout the country.

To date, more than 90,000 farmers, representing nearly 26 million acres of land, are cooperating with the Service in the camp and project areas. In addition, the Service helps to plan erosion-control programs on scattered demonstration farms in conjunction with the Extension Service. Such plans have been made for 2,200 farms in 42 States.

THE Soil Conservation Service is responsible for the acquisition and development phases of the Department of Agriculture's land utilization program. This program aims to relieve social and economic maladjustments in rural areas by purchasing land unsuited to cultivation and developing it for some better adapted use, such as forestry, grazing or wildlife. A large acreage of such land purchased has been transferred to State agencies under long-term lease, but approximately 6 million acres, located chiefly in the Great Plains region and used primarily for grazing, are under Soil Conservation Service management. Purchases of land this year will approximate 100 thousand acres. The total area of land acquired since the beginning of this program is approximately 11 million acres.

The water facilities program, authorized by the Pope-Jones Act of 1937, is being carried forward in arid and semiarid sections of 17 western States by the Bureau of Agricultural Economics, the Farm Security Administration, and the Soil Conservation Service. In areas selected for development, the Service is helping farmers and ranchers to build or install facilities such as dams, stock ponds, wells, pumps, and diversion structures.

Service technicians also provide assistance in the development of conservation plans on farm or range management for all lands benefitting from water facilities work. Assistance under the water facilities program has been extended to some 2,500 families, representing approximately 1,500,000 acres of land.

UNDER authority of the Omnibus Flood Control Act of 1936, the Service is collaborating with the Forest Service and the Bureau of Agricultural Economics in a program of upstream run-off retardation. These three agencies have now completed preliminary examinations of 112 major watersheds, and detailed surveys are completed or under way in 42 of them to provide a basis for actual operations.

One project was recently approved, and work will begin immediately on a broad watershed improvement program for the Los Angeles River in California. This coordinated watershed and channel improvement program represents a new approach to the national problem of flood control. It recognizes the importance of upstream control by proper conservation use of land where floods originate. It involves cooperative efforts of all those whose activities affect flood control, including farmers on the land, cities along the streams, and State and Federal agencies.

The Soil Conservation Service is responsible for the supervision of farm forestry projects in predominantly agricultural areas. In these projects, the Service helps farmers build up their woodlands, both for income production and erosion control. At the same time, farmers participating in the program are assisted in the development of conservation plans for croplands and pastures. So far 44 farm forestry projects have been established in 33 States.

The Service is supervising the work of 38 C. C. C. camps engaged in farm-drainage work in nine States east of

the Mississippi River. The enrollees work in public drainage districts clearing out ditches, repairing tile drains, and making other improvements in existing drainage systems. To date, about 6,000 miles of ditches and 345 miles of tile have been strengthened and improved under this program.

IN addition to its action work on the land, the Service is conducting a comprehensive program of research. Problems connected with soil conservation, flood control, farm drainage and irrigation are being investigated in co-operation with State agricultural experiment stations and the Bureau of Agricultural Economics at 127 field

stations all over the country. Significant research findings are used to implement the Service's operations program and are made available to other agencies and to the public generally.

Surveys of agricultural land to determine the type of soil, amount of slope, degree of erosion, and present use are an essential preliminary to most of the Service's work. Detailed surveys have been completed on approximately $40,000,000$ acres, and are under way on $182,000,000$ acres more, largely within soil conservation districts.

H. H. BENNETT,

Chief, Soil Conservation Service.

Farm Security

IMPROVED supervisory methods resulting from 5 years of experience will enable the Farm Security Administration to "dig deeper" and spread its funds farther among needy farm families in 1941, according to present plans.

An estimated 94,000 new families will receive rehabilitation loans accompanied by complete farm and home management plans. In addition, F. S. A. through its 2,000 county offices will service the loans and assist with the farm and home operations of more than 560,000 rehabilitation borrowers whose loans are now being repaid.

A combination loan-and-grant technique coupled with intensive supervision will, it is believed, enable F. S. A. to reach in substandard areas many families who have previously been unable to support a loan program on their small farms.

FOR rehabilitation loans in 1941 F. S. A. has available \$125,000,000 in advances from the Reconstruction Finance Corporation. For other

phases of F. S. A.'s rehabilitation program Congress appropriated \$59,000,000 from emergency relief funds.

With the \$59,000,000 in direct appropriations, F. S. A. is financing four different programs—migratory labor camps, water facilities, farm debt adjustment, emergency grants—and bearing the expense of loan servicing, farm and home supervision, and administration.

The migratory labor camp program is being expanded to meet the shifting pattern of agricultural labor in the Deep South and along the Eastern Seaboard. An estimated 5 new standard labor camps, 7 light construction camps, and 20 mobile units are to be built for use in these and other areas this fiscal year. Most of the camps now in operation are in the Southwest and West Coast States.

In collaboration with the Soil Conservation Service and Bureau of Agricultural Economics, F. S. A. will expand its program of loans to low-income Western States farmers for the acquisition of small water facilities. F. S. A.'s voluntary debt adjustment service available to all farmers will, as in the past, be maintained through

2,900 local citizens' committees in nearly every agricultural county.

IT is impossible to estimate the number of direct grants which F. S. A. will make to needy farm families in 1941. F. S. A. grants are small cash advances made in times of dire need or emergency. Families receiving grants agree to carry out certain simple measures for farm and home improvement. Probably more than half of the total grant funds in 1941 will be utilized in the combination loan-and-grant programs to assist particularly disadvantaged families in developing their resources.

An advance of \$50,000,000 in R. F. C. funds will enable F. S. A. to expand its program of farm purchase loans to tenant farmers during the fiscal year. It is expected that between 8,000 and 9,000 purchase loans will be made in 1,639 counties where tenancy is prevalent. Some 13,000 of these loans were made by F. S. A. in the first 3 years of the program.

As a result of an amendment to the Agricultural Appropriations Act of 1941, farms for tenants cannot be purchased if they have a value greater than that of the average farm unit of 30 acres or more in the county in which the purchase is made.

F. S. A. is administering 164 rural homestead projects initiated by predecessor agencies. Congress appropriated \$1,500,000 for the maintenance of these projects, many of which will be largely self-supporting during the year.

IT is anticipated that cooperative activities of low-income farmers will expand with F. S. A. help in 1941. An estimated 5,000 loans will be made to groups of small farmers who will get together to jointly purchase equipment and other farm services. There are already 16,000 small co-ops serving nearly 270,000 small farmers in this way.

Another cooperative development which will doubtless expand is the land leasing association in the South, through which sharecropper and farm labor families obtain long-term leases on contiguous tracts. Rehabilitation loans will be made to members to enable them to buy tools and equipment needed for individual farm operations on land leased by the association.

C. B. BALDWIN,

*Administrator, Farm Security
Administration.*

Rural Electrification

THE National Defense Program is deeply affecting the activities of the Rural Electrification Administration this fiscal year. R. E. A.-financed rural electric power systems, most of them operated by farmers' cooperatives, are in 45 of the 48 States. These systems, built primarily to enable farm families to obtain central station electric service at rates and on terms they can afford, are providing power to many hundreds of small industrial plants, of which some produce essential defense materials and others process local raw materials.

The systems are also furnishing energy to Army camps, C. C. C. camps, N. Y. A. youth training centers, flying fields, airway light and radio beacons, and other establishments vital to national defense. They are in a position to furnish power for many more plants as further decentralization of industry creates the demand.

AS of September 30, 1940, a total of 664 energized systems were operating 256,000 miles of lines serving 630,000 farm families and other rural users. It is expected that borrowers will complete construction of 70,000 miles of lines to serve 175,000

farm families and other rural users this fiscal year; construction financed out of 1941 funds but extending into future fiscal years is expected to add another 42,000 miles to serve 105,000 users. R. E. A. expects to allot \$100,000,000 during the fiscal year; of this, \$51,758,000 had been allotted by September 30.

Continued efforts are being exerted to make electrical farm equipment available at reduced prices, by cooperating with the Agricultural Extension Service and other educational agencies in helping system members to apply electricity effectively to farm production, and by helping develop practical electrical equipment that the farmer himself can build at small expense. As an increasing number of R. E. A. systems add full-time utilization specialists to their staffs, more effective guidance of members in the productive use of electricity is to be expected.

R. E. A. is continuing its efforts to reduce the cost of building rural lines. As a result of standardization of design, of more effective use of assembly-line methods of construction, and of development of new equipment, the average over-all cost of R. E. A.-financed lines has been reduced to less than \$800 a mile. This is about half the reported cost of rural lines built before R. E. A. was established in 1935. The bare construction cost is of course much less.

At the same time, borrowers are reducing the cost of wiring to their members by providing the main service entrance, for which members formerly paid \$10 to \$25 or more, depending upon the type of service. This practice, introduced during the

past summer, helps to widen the areas that can be served on a self-liquidating basis. Increasing use is being made of the self-help plan, whereby members themselves do much or all of the nontechnical work, such as clearing rights-of-way and staking lines. They are paid at the prevailing rates and assign their wages to pay for wiring and for a few appliances.

AS THE number of systems in operation increases, R. E. A. tends to become increasingly a clearing house of information about the specialized technical aspects of operating and maintaining strictly rural systems. A series of system superintendents' conferences is proving valuable both to the systems and to R. E. A. These conferences are being held at 6-week intervals during the current year. For each, a group of superintendents, usually all from the same region, spend a week in Washington discussing various phases of their work with one another and with members of the R. E. A. staff, besides attending formal sessions at which they hear talks on the various problems which a rural electric system must meet. These conferences make for more effective cooperation between R. E. A. and the systems, and at the same time strengthen localized control.

Meanwhile administrative procedures have been speeded up and simplified, with the result that the time required for the steps that must be taken between the allotment of funds and the start of construction has been reduced materially.

HARRY SLATTERY,

*Administrator Rural Electrification
Administration.*

Index

An index of articles which have appeared in *The Agricultural Situation* during the past year—1940—is obtainable from the Bureau of Agricultural Economics, Washington, D. C.

Farm Credit

THE volume of financing through the Farm Credit Administration was larger in 1940 than for several years past. Farmers obtained \$460,000,000 of credit during the first 9 months of the year compared to \$416,000,000 in the corresponding period of 1939. A further increase may be looked for in 1941 if present prospects materialize. The gradual increase in short-term loans to farmers by production credit associations and in financing by the banks for cooperatives has continued. The downward trend in new financing which began in 1936 has been definitely reversed.

Farmers obtained 28,652 land bank and Commissioner loans aggregating \$74,629,000 during the first 9 months of 1940 compared to 22,817 loans for \$59,860,000 during the like period of 1939. As in the past the largest percentage of financing consisted of loans made to farmers who wished to avail themselves of land bank and Commissioner terms to refinance old debts, but an increasing proportion of loans represented new financing. At present about 1 in every 4 loans is being made to finance the purchase of a farm. This is the highest percentage of loans obtained for this purpose in the history of the banks.

BY action of Congress, the temporary interest rate on most land bank and Commissioner loans is $3\frac{1}{2}$ percent until June 30, 1942. The contract rate which farmers otherwise would be paying averages about 5 percent. The substantial saving which farmers are realizing because of the reduced rate is equivalent to an increase in farm income. The saving is important to the farmer who is repaying old debts, and also to the farmer who is trying to get a start toward farm ownership by purchasing property on a long-term mortgage contract.

Farmers' principal payments on Federal land bank loans, including loans paid in full, aggregated \$70,-

400,000 in the first 9 months of 1940, or an increase of 7 percent compared with the like period of 1939. Corresponding payments on Commissioner loans amounted to \$43,700,000, or a decrease of 6 percent.

Although the dollar amount of principal payments on Federal land bank loans was greater than in 1939, the increase was accounted for largely by farmers with relatively favorable credit positions. In the 12 months ending September 30, 1940, the proportion of delinquent land bank loans increased from 22 to 23 percent. The proportion of delinquent Commissioner loans decreased, but this may have been accounted for by reamortization of loans.

In some of the middle western States loan payments increased, but not in proportion to the rise in farm income in those States. There were sharp decreases in some of the cotton and tobacco States. The lateness of the cotton crop accounts in part for some of the slow payments in cotton States. Some farmers, particularly in the export-crop areas, face difficulties in meeting their mortgage loan payments.

CONSIDERABLE progress toward the solution of some of these farm debt difficulties is being made by reamortizing relatively short-term mortgages for longer terms and by placing loans of excessively indebted families on a sounder basis. More than 100,000 Commissioner loans were reamortized in the 12 months ending September 30, 1940. Altogether about half of all Commissioner loans outstanding are now on a 20-year basis or longer. Beginning in December 1939, the land banks and Commissioner granted "variable and suspended payment" plans on about 6,000 loans; and "standstill agreements" were put into effect on about an equal number of second-mortgage Commissioner loans. Most of the loans so affected are in the Great Plains area, particularly in North Dakota.

For the benefit of farmers who lost their properties through land bank

foreclosure, most of the banks began late in 1939 to resell farms to former owners or relatives, where it is possible to do so with reasonable chances of success. In other instances long-term leases were made, with option to purchase. Since December 1939 nearly 2,000 farms have been sold or leased to former owners or relatives.

THE number of foreclosures by the land banks has declined markedly during the past year. This has been due in part to special measures adopted by the banks during the past 2 years to keep heavily indebted families on the land, and due in part to increases in farm income. Land bank and Commissioner foreclosures and voluntary deeds dropped from 14,629 in the first 9 months of 1939 to 6,414 in the corresponding period of 1940. The market for acquired real estate continued favorable, 10,747 farms being sold in 9 months of 1940, or 4 percent more than in the like period 1 year earlier. With sales running ahead of acquirements, the inventory of real estate on hand dropped to 31,027 farms, as of September 30, 1940, a decline of more than 16 percent during the past year.

FARMER-members of the 525 production credit associations borrowed \$241,000,000 in the first 9 months of 1940, compared with \$226,000,000 in the same period last year. This is the seventh successive year in which volume of business of these associations has increased. The

4½ percent interest rate established in early 1939 has been continued. Their 290,000 farmer-members now have \$16,500,000 invested in the voting stock of these associations and \$600,000 in nonvoting stock. Associations have built up out of their earnings reserves amounting to \$18,000,000. These reserves serve as a strong protection for stock held by members. Because of the strength of their financial position, the associations this fall have found it possible to repay \$13,700,000 of the capital supplied by the Government through the Production Credit Corporations of the districts. This money has been returned to the United States Treasury and farmers now own approximately 22 percent of the associations' total stock.

FARMERS' marketing and purchasing associations borrowed \$60,000,000 from the Banks for Cooperatives during the first 9 months of 1940 as compared with \$51,000,000 in the same period a year ago. The 13 banks have financed over 2,600 farmers' cooperatives and mutual companies during the past 7 years and supply an estimated 25 percent of the total credit used by all farmers' cooperatives. Losses have amounted to only a small fraction of 1 percent of the loans made.

A. G. BLACK,
*Governor, Farm Credit
Administration.*

Agricultural Adjustment

AS the United States defense program goes forward, 6 million farmers are preparing to carry on with a program essential to preparedness. In the 1941 A. A. A. farm program,

this army has working plans for its part in America's defense and for protection against war's worst effects on agriculture.

The 1941 program has been strength-

ened by additions to the basic framework so that farmers may continue to develop the Ever-Normal Granary, to conserve our soil while meeting all defense requirements, and to provide economic defenses for agriculture. Beyond this, the 1941 program serves to hold the machinery of the farm program in readiness so that the productive power and the group strength of agriculture can be further mobilized if the national need arises.

Minor but significant changes in the agricultural conservation program for 1941 are designed to encourage and obtain more effective conservation on American farms. Each new provision is based on the experiences of farmer committeemen in administering the program in thousands of communities. All these changes have been discussed and reviewed at conferences of farmers in the counties, districts, States, and regions, as well as at the national A. A. A. conference held in Washington last July. Adopted according to democratic procedure—as the result of approval by the majorities—the changes provide increased opportunity for county A. A. A. committees to adapt the farm program to individual farm requirements.

THE most significant contribution of the 1941 program to farm conservation lies in three provisions which an individual county association may substitute for total soil-depleting acreage allotments in areas where feed crops are not generally grown for market and where greater conservation can be obtained under the alternative. These provisions are: (1) Establishment of a 5-year conservation plan for a farm, with deductions from allotment payments for failure to attain the 1941 portion of the plan; (2) determination of a minimum acreage requirement of erosion-resisting land uses, with deductions from payments for failure to maintain this acreage in erosion-resisting crops and land uses; and (3) provision that no

farm can earn a greater percentage of its payment on special acreage allotments than the percentage earned under the soil-building allowance.

The program for 1941 also contains a number of provisions which give further consideration to the needs of the operators of small farms. The provision under which at least \$20 may be earned on any farm is continued for 1941. On farms where this provision applies, in specially designated areas, it will be possible for any part of the soil-building allowance to be earned by carrying out locally adapted practices which may not be specifically included in the program but which are recommended by local committeemen. In addition to the \$20 payment, as much as \$15 may be earned on small farms by planting forest trees, making a maximum earned payment of \$35. Except in the surplus feed areas, any farmer may grow as much as 30 acres of soil-depleting crops without incurring a deduction for exceeding the total soil-depleting acreage allotment.

ANOTHER provision enables localities and individual farmers in designated areas to achieve greater conservation by providing that on any farm where at least half of the cropland and orchard land is devoted to perennial legumes or grasses, a farmer may earn as much as half, but not more than \$50, of his soil-building allowance by carrying out locally adapted soil-building practices which are recommended by local committeemen.

Other aids directed toward more conservation include provision for making deductions from soil-building payments if farmers fail to maintain practices established under previous programs until full benefits to the soil have been realized, adoption of 10 new soil-building practices to meet the needs of specific areas, and changes in the range conservation program to permit ranchmen to carry out to a greater extent practices best adapted to their land.

ALABAMA has utilized the first of the three provisions which may be substituted for total soil-depleting allotments to create a State-wide experimental program known as the Alabama Plan. Through it, Alabama farmers are taking a long step toward a more permanent and stable system of farming. Minimum requirements of the plan include: (1) Growing each year an acreage of approved erosion-resisting and soil-conserving crops equal to 25 percent of the total cropland on the farm; (2) proper terracing to be done, within a 5-year period, on all cropland in the farm subject to erosion and on which there is no permanent vegetative cover; (3) establishment or maintenance during the next 5 years of at least 1 acre of perennial soil-conserving crops and 1 acre of permanent pasture for each 15 acres of cropland.

The second provision has been adopted in Arkansas, Florida, Georgia,

Louisiana, Mississippi, and South Carolina, and the third will be applicable in North Carolina. Through these and similar programs, farmers are coming to think and work in terms of a long-term plan rather than on a year-to-year basis.

THE principle of providing agricultural conservation materials and services in place of and in advance of program payments is being extended for the 1941 program. This will call for increased amounts of lime and superphosphate and more of the cooperation which has enabled farmers of the Southeast to draw upon farms in the Northwest for Austrian winter peas and hairy vetch seed for cover-crop plantings.

R. M. EVANS,

*Administrator,
Agricultural Adjustment
Administration.*

Crop Insurance

INCREASING popularity of the Federal Crop Insurance Program among the Nation's wheat growers has resulted in the writing of the largest number of contracts since all-risk insurance was first offered farmers in the autumn of 1938. During the sign-up period for winter wheat, which ended August 31, last, 375,403 contracts were written covering 9,551,310 acres. These contract holders paid 12,486,656 bushels of wheat or the cash equivalent in premiums for an insured total 1941 production of 98,680,541 bushels.

This record contrasts with a total of 379,042 contracts for both winter and spring wheat states during the 1940 crop year. With the winter wheat contracts on the 1941 crop almost equalling the total for both winter and spring during 1940, the spring wheat sign-up for the 1941 crop

is expected to add another 100,000 contracts to those already on the books, for a total contract volume approximating half a million.

THE next crop year—1941—also will mark the first year in which yield-and-loss data recorded under the crop insurance program will be worked into the rate structure. In this way, actual yields and losses will be accurately reflected in insurable yields and premiums payable by the insured. This data will be blended into the rate structure every second year after it is assembled. Thus, the results of the 1939 crop year will be worked into the actuarial data for 1941 while the 1940 data will be blended into the actuarial rates applying on the 1942 program.

The effect of inclusion of new data on the rate structure is about equally divided between increases and decreases for both insurable yields and rates. Generally, the effect of the

1939 yield data on the 1941 rate structure will be to increase by some hundredths of a bushel the premium to be paid by those growers in ratio to the crop loss they suffered that year. Broadly speaking, the same would hold true of their insurable yield. Generally the reverse would be true of those farmers who made good production records. In still other instances, no change at all might occur.

UNDER the 1940 program, contract holders were offered the opportunity for the first time of delaying settlement of their loss. In this way, they could take advantage of any increase in price and, also, risk a loss through price decreases. In either event, the Corporation's fiscal status was unchanged since its reserves were carried in actual wheat and it therefore was not subject to gain or loss through price fluctuations. The contract holders, however, were limited to not more than 90 days in deferring their settlements. Of more than 110,000 claims received by the Corporation, slightly more than one-third—32,999—elected to take deferred settlement. Of losses settled in the spring wheat area, 3,280 contract holders, exercising their right of deferred settlements, accepted payment of their losses during the period September 15 to October 15 when the price range was 77 cents to 85 cents a bushel. The price range was 66 cents to 77 cents a bushel for the

period August 15 to September 15, when only 468 contract holders exercised the settlement of their deferred claims.

IN 1940, as in 1939, crop conditions in certain areas were considerably below average, resulting in an excess of indemnity payments over premium collections. In 1940, roughly more than 21,000,000 bushels were paid out in indemnities compared with 14,685,290 bushels collected as premiums. The bulk of the indemnities was paid in four states—Texas, Oklahoma, Kansas, and Nebraska. These states alone accounted for most of the excess over premium collections. Losses were most severe in the big wheat areas where wheat was in most cases the only crop.

These losses occurred on large acreages, not on the small wheat farms. Had it not been for crop insurance, many of these farmers would have been without income in 1940. Their insurance contracts supplied them with at least 75 percent of an average crop. The total indemnity loss very probably would have been largely avoided or entirely eliminated had the losses to the crop been scattered instead of having been concentrated in one region.

LEROY K. SMITH,
*Manager,
Federal Crop
Insurance Corporation.*

Commodity Loans

THE Agricultural Adjustment Act of 1938, as amended, directs the Commodity Credit Corporation to make loans on cotton, wheat, and corn under the conditions of supply and price which now obtain, and these loans for the present marketing year have recently been announced. In addition to these mandatory loans, programs are in action for flue-cured

and dark tobacco, barley, rye, peanuts, prunes, raisins, gum rosin, and turpentine. Most of these programs are well under way, the corn loan being an exception.

The new loan on cotton was announced on August 9, 1940, at about \$1 per bale higher than last year, and with corresponding grade and staple and location differentials. Up to the middle of November, 1,650,000 bales had been pledged, with the average

rate slightly over 9½ cents per pound. It is anticipated that as much as 4 million bales may come under loan. Allowing for the liquidation of some loans during the coming months, there is a prospect of total C. C. C. stocks, both under loan and those owned by the Corporation, approximating 12 million bales on August 1, 1941.

AS FOR grains, some 250 million bushels of wheat had been pledged by mid-November under the new loan, at an average rate of about 72 cents per bushel. Some of this wheat will certainly be redeemed as the marketing season progresses, and loan stocks July 1, 1941 are expected to be about 200 million bushels. The situation in corn is quite different. The marketing season began October 1, 1940 with 475 million bushels under loan or owned by the Commodity Credit Corporation. The high yields this year, coupled with somewhat smaller livestock numbers to be fed, and larger supplies of other feed grains and roughage, are expected to result in further accumulation of corn under loan during the coming year. The new loan has just been announced at 61 cents per bushel, and it would not be surprising if 250 million bushels were pledged, in addition to the 425 million bushels of old corn which will probably be under loan or owned when the

resealing program is completed. The end of the marketing year may find 600 million bushels of corn under loan and owned by the Commodity Credit Corporation. Financing loans to allow the gradual marketing by producers have also been made available on barley and rye. Only some 5 million bushels of barley and less than 3 million bushels of rye have so far come under loan. It is expected that these loans will be completely liquidated during the marketing season.

A LOAN and purchase program on flue-cured tobacco is in operation similar to that effected last year to offset the situation caused by the withdrawal of British buyers. Nearly 300 million pounds from last year's and this year's crop are now owned by the Commodity Credit Corporation and it is expected that 100 million pounds more will come under the current program in the next few months.

A peanut loan to supplement a diversion program of the Surplus Marketing Administration is now in operation similar to the programs of the last two years, and dark tobacco, prune and raisin loans are also in operation.

CARL B. ROBBINS,

President, Commodity Credit Corporation.

Marketing Farm Products

SURPLUS removal and marketing agreement programs are being extended during the current fiscal year to assist farmers in dealing more effectively with agricultural marketing problems complicated by war in Europe. The surplus removal programs are designed to encourage increased domestic consumption and to develop wider market outlets for

farm products. Marketing agreement programs seek to stabilize markets and improve returns to producers by establishing more orderly selling conditions. These measures for raising farm income are administered by the Surplus Marketing Administration.

The food and cotton stamp plans, the school lunch program, and the low-cost milk program are moving increasing quantities of farm products into consumption among needy families. Continuing are the programs for direct purchase and distribution of

surplus commodities, programs for diverting surpluses to byproducts and to develop new uses and new outlets, and programs for encouraging exports, primarily of cotton goods and of wheat and wheat flour to certain destinations.

For the current fiscal year ending June 30, 1941, Congress made available slightly more than 235 million dollars for use in carrying out the programs to encourage consumption and expand domestic and export market outlets for agricultural surpluses. The money appropriated for these authorized uses in the previous year approximated 205 million dollars.

THE Food Stamp Plan, started in May 1939, has been extended gradually throughout the country. Where this plan is in operation, increased buying power in the form of blue-colored stamps is placed in the hands of families eligible for public aid. These blue stamps are exchanged at local stores for foodstuffs officially listed as being in surplus. In order to obtain the free blue stamps, participants are in general required to buy specified amounts of orange-colored stamps to be used in the purchase of any food product. This requirement assures the continuance of normal expenditures for food. The blue stamps given with the orange-colored stamps bought make possible a 50 percent increase in food buying power which is directed at moving designated agricultural surpluses into consumption through regular trade channels. Instead of the 5 cents a meal, which is about the average they have been spending, persons taking part in the plan have at least 7½ cents for each meal.

By November 15, 1940, the Food Stamp Plan had been extended to 226 areas, and was in operation in 190 of these areas. About 2,500,000 persons were taking part in the plan, and new buying power at the rate of \$5,000,000 a month was being spent for officially listed surplus foods at

local stores in these areas. Participants in the plan have recently been spending approximately 14 percent of their blue stamps for butter; 14 percent for eggs; 17 percent for flour, rice, and other cereal products; 12 percent for vegetables; 13 percent for fruits; and 30 percent for lard and pork products.

It is expected that later in the winter the Food Stamp Plan will have been extended to approximately 250 areas and will be serving about 5,000,000 needy persons. New buying power at the rate of \$10,000,000 a month will then be made available for the purchase of listed surplus foods.

THE general operating principles of the Food Stamp Plan are followed in the Cotton Stamp Plan. Under the plan for cotton, eligible persons have the opportunity of buying green-colored stamps in the same approximate amount that they formerly spent for clothing and household goods made from cotton. Minimum and maximum purchase rates are fixed and within those limits, for every dollar's worth of green-colored stamps bought, a dollar's worth of brown-colored stamps is given free. Both stamps are good in any retail store in the areas where the plan operates, in exchange for any product made entirely from American cotton and manufactured in this country.

Started in May 1940, the Cotton Stamp Plan is being carried out on an experimental basis. By the middle of November it had been extended for testing in 11 areas and operations were under way in 8 of these areas. While additional areas are to be designated for the Cotton Stamp Plan during the current fiscal year, extension of the plan must be gradual until its value in moving increased quantities of cotton into consumption is firmly established.

AN increasingly important outlet for surpluses of foodstuffs is being provided by the school lunch

program for undernourished children. This activity depends largely on the cooperation and initiative of local civic, fraternal, educational, and welfare organizations. These groups assume the responsibility of operating the school lunch program in their respective localities. Surplus foods bought by the Surplus Marketing Administration and shipped to State welfare agencies for distribution to the needy are made available for use in the school lunches. Foods needed in addition to the surplus commodities are bought or otherwise obtained by the local sponsoring groups in order to provide the school children with well-balanced noon meals.

The school lunch program is being expanded materially. The objective for the current year is to reach 6 million undernourished children with the lunches made in whole or in part from surplus commodities. Last year about half this number of children were served in the peak month.

UNDER the direct purchase and distribution programs, a wide range of surplus farm products has been made available for distribution by State welfare agencies to public aid families and for use in the school lunches. During the last fiscal year more than 3,000,000,000 pounds of surpluses of over 40 agricultural products were bought under the direct purchase activities. This involved a total expenditure slightly in excess of 117 million dollars.

Direct purchases of agricultural surpluses are made as need arises for improving marketing conditions for individual commodities. So far in the current fiscal year heaviest purchases have been made of potatoes. Other commodities bought in considerable volume included cotton, apples, pears, peaches, eggs, and various vegetables. Approximately 25 million dollars had been encumbered in these purchase operations during the first 4 months of the fiscal year.

AN opportunity for needy families to increase their consumption of milk is afforded by the low-cost milk programs operating in Boston, Chicago, Washington, New Orleans, and New York City. These programs supplement operations under Federal marketing agreement programs regulating the handling of milk in the respective markets. They are made possible by a Federal subsidy payment to handlers and a special price to producers for the milk that is sold for use by eligible families at about 5 cents per quart.

The low-cost milk programs bring into fluid consumption surplus milk which otherwise would be used for manufacturing purposes at lower prices to farmers. Under the program in Chicago, needy families are consuming 100,000 quarts of milk daily, while 65,000 quarts a day are being bought in Boston, 10,000 daily in New Orleans, and about 3,000 quarts daily in Washington. In New York City milk is being made available to nearly 210,000 school children at a penny a half pint. This phase of the low-cost milk program was started during the middle of October and will continue for a test period which ends December 31. Getting under way is a plan for encouraging the consumption of fluid milk among 92,000 New York City public aid families in which there are children under 16 years of age. Further extension of low-cost milk programs to other marketing areas is contemplated.

NEW uses and wider outlets for agricultural surpluses are being encouraged for a number of farm products. During the current fiscal year, new uses being developed include those for making cotton bale covers, the use of cotton in the manufacture of insulation material, and the use of cotton in making writing paper. Surplus peanuts are being diverted to oil and other byproducts, and the manufacture of starch is being en-

couraged through the diversion of surplus potatoes from regular trade channels. Surplus walnuts are being diverted to the shelling trade. Wider market outlets are being developed through a program for winter pears. Another program is encouraging sales of Puerto Rican Coffee in continental United States markets.

EXPORT subsidy programs are operating on a more or less limited basis largely because of unsettled world conditions. One program is encouraging sales of cotton products to foreign countries. Exports of wheat and wheat flour are being assisted through another program which now applies to exports of wheat from Pacific coast ports to the Philippines or to European destinations, and to wheat flour from that area to the Philippines, and from all parts of the continental United States to any country or place in the Americas and adjacent islands, except Puerto Rico, Alaska, and the Canal Zone, and to islands east of the Americas lying on or west of 40° west longitude.

MARKETING agreement programs are continuing to play an important part in stabilizing selling conditions for a wide range of agricultural commodities and in improving returns to producers. Altogether, 46 programs are in effect, 29 for milk and dairy products, and 17 for fruits, vegetables, and other crops. During the last fiscal year, the farm value of commodities sold under marketing agreement programs exceeded 400 million dollars.

Additional marketing agreement programs are expected to become effective during the course of the current fiscal year. At the request of industry groups, preliminary steps are under way for the development of these new programs for a few fluid milk markets and for certain crops grown in concentrated producing areas. Operations under marketing agreement programs will continue to be supplemented by surplus removal activities.

PHILIP F. MAGUIRE,

Assistant Administrator, Surplus Marketing Administration.

**United States: Exports and Imports of Specified Agricultural Commodities,
September-October and October 1939 and 1940 ¹**

Commodities	Unit	September-October		October	
		1939	1940	1939	1940
Exports:					
Pork:		<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>
Cured pork ²	Lb.....	7, 537	2, 247	3, 089	1, 086
Other pork ³	Lb.....	8, 226	5, 485	3, 520	2, 749
Total pork.....	Lb.....	15, 763	7, 732	6, 609	3, 835
Lard, including neutral.....	Lb.....	43, 785	20, 154	19, 091	10, 198
Wheat, including flour.....	Bu.....	10, 304	7, 475	4, 629	4, 431
Apples, fresh ⁴	Bu.....	1, 014	221	666	144
Pears, fresh.....	Lb.....	38, 443	6, 196	23, 916	3, 579
Tobacco, leaf.....	Lb.....	70, 850	14, 799	26, 604	8, 406
Cotton, excluding linters (500 lb.).....	Bale.....	1, 626	303	934	207
Imports:					
Cattle.....	No.....	82	94	61	64
Beef, canned, including corned.....	Lb.....	21, 480	7, 422	8, 425	3, 405
Hides and skins ⁵	Lb.....	45, 290	57, 564	21, 173	29, 551
Barley malt.....	Lb.....	14, 278	6, 287	7, 214	3, 790
Sugar, cane (2,000 lb.).....	Ton.....	625	391	210	192
Flaxseed.....	Bu.....	1, 326	728	875	704
Tobacco, leaf.....	Lb.....	10, 635	11, 356	5, 421	5, 856
Wool, excluding free in bond for use in carpets, etc.	Lb.....	21, 860	41, 219	9, 916	25, 862

¹ Corrected to November 25, 1940.

² Includes bacon, hams, shoulders, and sides.

³ Includes fresh, pickled or salted, and canned pork.

⁴ Includes baskets, boxes, and barrels in terms of bushels.

⁵ Excludes the weight of "other hides and skins" which are reported in pieces only.

Office of Foreign Agricultural Relations. Compiled from official records, Bureau of Foreign and Domestic Commerce.

Onions: \$18,000,000 Industry

ANOTHER agricultural industry that yields to producers an annual money return in eight figures is the production of onions. The onion industry has doubled within the last 20 years. It expanded from approximately 54 thousand acres and a crop of 817 million pounds in 1919 to 108 thousand acres and a crop of nearly 1,600 million pounds in 1940. The value of the crop in the 10 years from 1928 to 1937 averaged nearly 18 million dollars.

The onion was one of the earliest of crops produced in the United States, but only in the last 40 to 50 years has it been of commercial importance in this country. At first, the production of onions was confined to the New England States, but when the vast muck areas of the Great Lakes and other regions were drained and brought under cultivation, the onion became one of our important market-garden and truck crops. Today, the ten States leading in total production are Texas, Michigan, New York, California, Indiana, Massachusetts, New Jersey, Ohio, Colorado, and Minnesota.

The production of creole onions is confined chiefly to the section around New Orleans. Southwestern Texas and California contribute the greater part of the important Bermuda onion crop, with Colorado, Idaho, Utah, Nevada, Washington, and Oregon representing the centers of growth for the sweet Spanish onion. There are many local areas in the United States where onions are being grown in considerable quantities for the market and the production of several closely related crops such as chives, shallot, leek, and garlic has been developed extensively, especially in connection with market gardens near the large cities.

COMMERCIALLY, the onion crop is classed as "early," "intermediate," and "late," according to the marketing period. The principal marketing seasons are for the early crop, April and May; for the intermediate crop, June and July; and for the late crop, August to March. Large quantities of onions are sold and shipped direct from the fields where they are grown, but a part of the crop is held in temporary storage until late autumn or early winter. Onions shrink considerably while in storage, however, and must be regraded before being placed on the market. During recent years, the winter storage of onions has become of great importance, and the finest stock is held for late-winter deliveries. Most of the storage onions are disposed of before the crop of Bermuda onions comes on the market in April and May.

ONIONS are an intensive crop, their production involving considerable investment in land, fertilizer, and labor. But they yield a relatively high return per acre and repeated croppings or very short rotations are the common practice. The best Bermuda-onion farms are valued at \$300 to \$500 an acre and yields of 400 to 600 bushels per acre are not uncommon. Prices received by the growers vary considerably from year to year. A shortage in supply usually results in a more than proportionate increase in price, whereas a crop surplus usually causes a more than proportionate decrease in price. For this reason, there are often wide fluctuations in onion prices from year to year. The present acreage and production of onions in the United States are estimated to be about equal to market demands.

—C. ALPHONSO SMITH.

Economic Trends Affecting Agriculture

Year and month	Indus- trial pro- duction (1935- 39=100) ¹	Income of indus- trial workers (1924- 29=100) ²	Cost of living (1924- 29=100) ³	(1910-14=100)					Taxes ⁶
				Whole- sale prices of all com- mod- ities ⁴	Prices paid by farmers for commodities used in ⁵			Farm wages	
					Living	Pro- duc- tion	Living and produc- tion		
1925.....	91	98	101	151	164	147	157	176	270
1926.....	96	102	102	146	162	146	155	179	271
1927.....	95	100	100	139	159	145	153	179	277
1928.....	99	100	99	141	160	148	155	179	279
1929.....	110	107	99	139	158	147	153	180	281
1930.....	91	88	96	126	148	140	145	167	277
1931.....	75	67	88	107	126	122	124	130	253
1932.....	58	46	79	95	108	107	107	96	219
1933.....	69	48	76	96	109	108	109	85	187
1934.....	75	61	78	109	122	125	123	95	178
1935.....	87	69	80	117	124	126	125	103	180
1936.....	103	80	81	118	122	126	124	111	182
1937.....	113	94	84	126	128	135	130	126	187
1938.....	88	73	82	115	122	124	122	124	186
1939.....	108	83	82	113	120	122	121	124	190
1939—November.....	124	93	82	116			122		
December.....	126	93	82	116	121	124	122		
1940—January.....	122	93	82	116			122	119	
February.....	116	89	82	115			122		
March.....	112	87	82	114	121	125	123		
April.....	111	86	82	115			123	124	
May.....	114	87	82	114			123		
June.....	121	89	82	113	121	125	123		
July.....	121	91	82	113			122	129	
August.....	121	95	82	113			122		
September.....	125	97	82	114	121	123	122		
October.....	128	99	82	115			122	129	
November ⁷				115			122		

Year and month	Index of prices received by farmers (August 1909–July 1914=100)								Ratio of prices received to prices paid
	Grains	Cotton and cotton-seed	Fruits	Truck crops	Meat animals	Dairy products	Chickens and eggs	All groups	
1925.....	157	177	172	153	140	153	163	156	99
1926.....	131	122	138	143	147	152	159	145	94
1927.....	128	128	144	121	140	155	144	139	91
1928.....	130	152	176	159	151	158	153	149	96
1929.....	120	144	141	149	156	157	162	146	95
1930.....	100	102	162	140	133	137	129	126	87
1931.....	63	63	98	117	92	108	100	87	70
1932.....	44	47	82	102	63	83	82	65	61
1933.....	62	64	74	105	60	82	75	70	64
1934.....	93	99	100	103	68	95	89	90	73
1935.....	103	101	91	125	118	108	117	108	86
1936.....	108	100	100	111	121	119	115	114	92
1937.....	126	95	122	123	132	124	111	121	93
1938.....	74	70	73	101	114	109	108	95	78
1939.....	72	73	77	105	110	104	94	93	77
1939—November.....	79	75	66	123	107	117	117	97	80
December.....	87	82	65	96	101	118	97	96	79
1940—January.....	90	85	66	117	103	119	91	99	81
February.....	91	85	76	168	101	118	98	101	83
March.....	92	85	73	128	102	114	83	97	79
April.....	96	85	81	145	104	110	82	98	80
May.....	92	83	88	133	108	106	84	98	80
June.....	83	81	104	134	102	104	81	95	77
July.....	78	80	89	98	110	105	88	95	78
August.....	76	77	79	112	110	109	90	96	79
September.....	77	76	73	118	114	111	104	97	80
October.....	80	78	79	99	112	116	112	99	81
November.....	83	79	71	93	112	121	120	99	81

¹ Federal Reserve Board, adjusted for seasonal variation. Revised August 1940.

² Adjusted for seasonal variation.

³ Monthly indexes for months not reported by the Bureau of Labor Statistics are interpolated by use of the National Industrial Conference Board cost-of-living reports.

⁴ Bureau of Labor Statistics index with 1926=100, divided by its 1910-14 average of 68.5.

⁵ These indexes are based on retail prices paid by farmers for commodities used in living and production reported quarterly for March, June, September, and December. The indexes for other months are interpolations between the successive quarterly indexes.

⁶ Index of farm real estate taxes per acre. Base period represents taxes levied in the calendar years 1909-13, payable mostly within the period Aug. 1, 1909-July 31, 1914. ⁷ Preliminary.

NOTE.—The index numbers of industrial production and of industrial workers' income shown above are not comparable in several respects. The base periods are different. The production index includes only mining and manufacturing; the income index also includes transportation. The production index is based on volume only, whereas the income index is affected by wage rates as well as by time worked. There is usually a time lag between changes in volume of production and in workers' income, since output can be increased or decreased to some extent without much change in the number of workers.